Supreme Court, U.S.
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NO. 92-99

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1992

ACME RESIN CORPORATION,

Petitioner,

v.

ASHLAND OIL, INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITIONER'S PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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LIST OF COMPANIES

Pursuant to Sup. Ct. R. 29.1, the companies listed below are all parent companies and subsidiaries (except wholly-owned subsidiaries) of the Respondent, Ashland Oil, Inc.:

Ashland Coal, Inc.
Melamine Chemicals, Incorporated

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COUNTERSTATEMENT OF THE CASE

In several important respects Acme's Statement of Facts is inaccurate or incomplete and hence a brief counterstatement of facts is required.

The Patent Laws, specifically 35 U.S.C. § 112, require a patent applicant to set forth the "best mode" of carrying out the invention for which patent protection is sought. The same section also requires the applicant to distinctly point out and

claim the invention sought to be patented. Any consideration of the best mode requirement in this case therefore must start with the claimed invention. Acme has throughout these proceedings sought to re-write the claims of its patent to remove all reference to the isocyanate component which was the focus of Ashland's best mode defense. For example, though Acme initially states (Petition p.3) that the patent "covered a unique foundry resin composition" it later argues that . . . "[t]he Acme invention was the addition of a third component, an organic phosphorus compound, to the Part 2 resin [the isocyanate] . . . ." (See also Petition pp. 8 and 9 where Acme also seeks to argue that the invention of its patent is the bench life extender alone.)

The Court of Appeals saw through Acme's earlier attempts to remove the isocyanate from the claims and properly held that (Pet. App. at 31a):

> As clearly part of the claimed invention, the best chemical for the polyisocyanate component had to be disclosed. (Emphasis added).

The Court of Appeals, after what it characterized as a "careful review" (Pet. App. at 26a) of the record, confirmed that the evidence showed that the patent failed to disclose the best polyisocyanate (Pet. App. at 31a-32a). The specific evidence both lower courts reviewed is discussed hereinafter (pp. 5-6) in reply to what Acme erroneously sets forth as the *only* undisputed facts.

Acme also includes in its Statement of The Case its argument that the Court of Appeals applied an improper "clearly erroneous" standard of review. However, Acme failed to cite the entire sentence written by the panel. The *complete* sentence to which Acme refers reads:

> Acme has not shown this finding to be clearly erroneous and *has not pointed to anything in the record that creates a genuine issue of fact* whether the disclosure of PAPI-135 as the preferred polyisocyanate

> component is adequate to alert one of ordinary skill in the art instead to use BASF M20S, as contemplated by the inventor. (Emphasis added, italics added).[1] (Footnote added). (Pet. App. at 32a-33a)

It is clear from this that the correct standard was applied. Moreover a review of other parts of the Decision (See pp. 4 and 6 *infra*) further supports the conclusion that the correct standard of review was applied by the Federal Circuit.

[1] The importance of the reference to PAPI-135 has not been explained to the Court by Acme. This is the isocyanate component disclosed by Mr. Laitar, the Acme inventor, in his patent application as the preferred isocyanate. However, as noted by the courts below, Mr. Laitar knew at the time he filed his patent application that the BASF M20S was a better isocyanate.

REASONS FOR DENYING THE WRIT

I. There Were No Disputed Issues of Material Fact

The lower courts properly focused on the "claimed invention" as being the foundry composition, which includes as one element thereof the isocyanate component (Pet. App. at 16a, 31a). This focus is required by the Patent Laws (35 U.S.C. § 112).

Acme's arguments, below and in this Court, have consistently overlooked the fact that the isocyanate component forms a *critical part* of the claimed invention and for that reason any isocyanate known by Mr. Laitar at the time of filing the patent application to be better than the disclosed PAPI-135 isocyanate had to be included in the patent application.

The evidence of record, which comprised the written and spoken words of Mr. Laitar, conclusively demonstrated that the M20S isocyanate was known by Mr. Laitar to be a better isocyanate at the time of the filing of his patent application. The Court of Appeals stated (Pet. App. at 28a):

> After a careful review of the record on appeal, we conclude that the asserted dispute is not genuine because a reasonable jury could not return a verdict for Acme, the nonmoving party. The evidence conclusively establishes that Mr. Laitar knew of a better mode of practicing the claimed invention at the time he filed his patent application. Indeed, there is *no* evidence, only argument, pointing in the other direction. (Emphasis added).[2]

Testimony from Mr. Laitar's patent attorney established that Mr. Laitar was familiar with the best mode requirement.

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[2] Of course, argument of counsel is no substitute for presenting relevant, admissible facts. Fed.R.Civ.P. 56(e) specifically provides that a response "must set forth specific facts showing that there is a genuine issue for trial."

Acme argues, albeit erroneously, that the facts which it sets forth at page 7 of its Petition "were the only evidence relied upon by either of the courts below." That is simply not the case. For example, Acme asserts that there "was no clear and convincing statement that he [Mr. Laitar] believed the BASF component, when used in combination with the BPOD additive, resulted in the absolute 'best' foundry resin composition." (*Id.* at p.9.) However, there was in fact such evidence demonstrating Mr. Laitar's belief. A resin composition containing the M20S isocyanate, with BPOD as an additive, was tested by Mr. Laitar, both in the laboratory and at a foundry at Ford Essex in Canada. The formulation so tested became the commercial formulation. During prior laboratory testing Mr. Laitar had learned that while M20S alone gave about a 20% improvement in bench life and crusting resistance *the combination of the phosphorus inhibitor and M20S* gave about a 50% improvement in bench life and remained soft on the lab bench for 2 to 3 days.

Other relevant "material undisputed facts" were also reviewed and referenced by the Court of Appeals and the District Court. For example, and in addition to what Acme says were the only undisputed facts (Petition p. 9), the following facts were noted by the lower courts and were not in dispute:

1. The supposed "preferred" isocyanate disclosed in the Laitar patent application was PAPI-135 made by the Upjohn Company;

2. M20S was not disclosed in the Laitar patent application;

3. The isocyanate is a critical component of the foundry mixture of the claims of the Laitar patent; and

4. Mr. Laitar had an opportunity in the affidavit he signed after his deposition, to explain or to expand on his deposition testimony and/or his monthly laboratory reports; nonetheless, as to the M20S isocyanate, he did not do so and,

in fact, he noted in his affidavit that in March of 1983 when the decision to switch to M20S was made, M20S was known to be an improved isocyanate.

Acme points to the "clearly erroneous" phrase used at one point by the Court of Appeals (Pet. App. at 32a-33a) and argues that an improper standard for review was used by the panel.[3] That phrase was included, but in only one *part* of a sentence. What Acme neglected to bring to this Court's attention is the second part of that sentence and another statement by the panel in the last portion of the same paragraph which show that the proper standard was applied:

> Acme has not shown this finding to be clearly erroneous and *has not pointed to anything in the record that creates a genuine issue of fact* whether the disclosure of PAPI-135 as the preferred polyisocyanate component is adequate to alert one of ordinary skill in the art instead to use BASF M20S, as contemplated by the inventor. Indeed, it is difficult to conceive how disclosing by name a less effective polyisocyanate could enable the artisan to know he should use another more effective one that was not named. Only if the latter's better properties were widely known might this be so. There is no such evidence here. Accordingly, the district court's finding of concealment and conclusion that there is no genuine issue about this, both must stand. (*Ibid.*; emphasis added, italics added.)

This, and other statements as to the standard applied by the Court of Appeals (Pet. App. at 26a, 28a, 32a, 33a) clearly demonstrate that the proper standard of review was applied.

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[3] This argument was raised by Acme in its Petition for Rehearing and Suggestion for Rehearing In Banc which, of course, was denied.

II. The Best Mode Requirement Was Not Inconsistently Applied By The Court of Appeals For The Federal Circuit and A Review is Therefore Not Necessary

The best mode requirement stems from patent acts promulgated almost two hundred years ago and from the belief that a major purpose of the patent system is to encourage a complete disclosure of ideas. It has long been stated by this Court that a primary purpose of the patent system is to foster disclosure. More particularly in *Sinclair & Carroll Co.* v. *Interchemical Corp.*, 325 U.S. 327, 330-331 (1945) the Court stated:

> The primary purpose of our patent system is not reward of the individual but the advancement of the arts and sciences [footnote omitted]. Its inducement is directed to disclosure of advances in knowledge which will be beneficial to society; it is not a certificate of merit, *but an incentive to disclosure.*

In *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470, 480 (1974), the Court noted that "[i]n return for the right of exclusion . . . the patent laws impose upon the inventor a requirement of disclosure."

In 1952 Congress passed the present best mode statute, the purpose of which was "to ensure that the public, in exchange for the rights given the invention under the patent laws, obtains from the inventor a full disclosure of the preferred embodiment of the invention." *Dana Corp.* v. *IPC Ltd. Partnership*, 860 F.2d 415, 418 (Fed. Cir. 1988), *cert. denied*, 480 U.S. 1067 (1989).

Both the District Court (Pet. App. at 14a) and Court of Appeals (Pet. App. at 27a) recognized that the best mode requirement has two components:

> 1. Whether the inventor knew of a better mode of practicing the claimed invention at the time of filing; and
>
> 2. If so was it concealed.

For these two requirements, both Courts relied upon *Chemcast Corp.* v. *Arco Industries Corp.*, 913 F.2d 923 (Fed. Cir. 1990). See also *Randomex, Inc.* v. *Scopus Corp.*, 849 F.2d 585 (Fed. Cir. 1988).

The concealment requirement is evaluated in the context of what a person skilled in the art would understand from reading the patent based upon that person's general knowledge and understanding in the particular field of technology. This explains the difference Acme perceives between *Amgen, Inc.* v. *Chugai Pharmaceutical Co.*, 972 F.2d 1200 (Fed. Cir.) *cert. denied*, ____ U.S. ____, 112 S.Ct. 169, 116 L.Ed.2d 132 (1991) and *Scripps Clinic & Research Foundation* v. *Genentech, Inc.*, 927 F.2d 1565, 1578 (Fed. Cir. 1991). More particularly, the Court in *Scripps* did not in fact confuse the enablement provision of 35 U.S.C. § 112 with the best mode requirement but rather when considering the concealment part of the best mode test it did so in the context of what one skilled in the art would learn from following the procedures in the specification. These procedures were found to enable one to practice the best mode of carrying out the claimed invention. The Court of Appeals in the present case reviewed the concealment question in the same context (Pet. App. at 32a).

As noted at pp. 2 and 6 *supra*, the Court of Appeals applied the correct standard in reviewing the decision of the District Court. The District Court likewise was cognizant of the correct standard to be applied in determining the propriety of summary judgment (Pet. App. at 6a-7a). In fact, Acme concedes that both courts set forth the correct standards (Petition p. 5) as to summary judgment.

Acme also attempts to find an inconsistency between the panel's decision and the decision in *Wahl Instruments Inc.* v. *Acvious, Inc.*, 950 F.2d 1575 (Fed. Cir. 1991).[4] The holding

[4] This argument was also raised by Acme in its Petition for Rehearing and Suggestion for Rehearing In Banc.

in *Wahl* and the decision *sub judice* are not inconsistent. The Court of Appeals in *Wahl* held that the best mode requirement does not apply to materials or elements that are not within the scope of the invention. In *Wahl*, the District Court's judgment of invalidity for failure to disclose the best mode was reversed because:

1. Certain of the information that was not disclosed related to matters outside the scope of the invention; and

2. Other data was not reviewed under the correct best mode standard.

In contrast to *Wahl*, the preferred mode withheld by Laitar was actually claimed, and the proper best mode test was applied.

The panel in this case, after a careful review of the evidence, properly affirmed the decision below on the basis that the withheld, preferred isocyanate was part of the claimed invention (Pet. App. at 31a), was known by the inventor Laitar at the time of filing to be preferred (Pet. App. at 31a-32a) and was concealed (Pet. App. at 32a-33a).

In view of the foregoing it is respectfully submitted that Acme's Petition should be denied.

Respectfully submitted,

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